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ICS 0877-88

5 July 1988

MEMORANDUM FOR: Office of Congressional Affairs

ATTENTION:

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FROM:

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Director, Community Counterintelligence and Security
Countermeasures Office, Intelligence Community Staff

SUBJECT:

Background Material for Briefing the DCI
for September 1988 Testimony before the SSCI

1. Reference your telephone conversation with [] of this office regarding subject, attached is a copy of the summary memorandums for the first, second, and third biannual reports for the President on his Report to the Congress on the Nation's Counterintelligence and Security Countermeasures, Plans, Programs and Capabilities. Also attached is a copy of a letter prepared by Mr. Gates, at the DCI's direction, requesting that the Interagency Group (IG) chairmen prepare a special report for the DCI on potential problem areas in counterintelligence and security countermeasures that transcend the accomplishments made under the impetus of the President's report.

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2. The detailed reports from the IGs are not being provided at this time as the summary information should be sufficient for your purposes. The voluminous IG reports, however, are on hand at CCISCMO and, should specific details in any area be required, can be made available for your use. Please contact this office if further assistance is desired.

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Attachments:

a/s

Downgrade to UNCLASSIFIED when
separated from classified attachments

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SUBJECT: Background Material for Briefing the DCI for September 1988
Testimony before the SSCI

CCISCMO/ICS

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SENIOR INTERAGENCY GROUP (INTELLIGENCE)
WASHINGTON, D.C. 20505

DCI/ICS 0848-87

20 JUN 1987

MEMORANDUM FOR: The Honorable Frank C. Carlucci
Assistant to the President for
National Security Affairs

SUBJECT: First Biannual Report for the President on the President's
Report to the Congress on the Nation's Counterintelligence
and Security Countermeasures, Plans, Programs, and
Capabilities [REDACTED]

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1. This memorandum, constituting my first major action as Chairman, Senior Interagency Group-Intelligence (SIG-I), responds to the President's November 4, 1986 charge to my predecessor to report biannually over the next two years on progress made and problems encountered in implementing the commitments made by the President to the Congress in his Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities. I recognize that the events that have occurred since his report was delivered to the Congress have added to the urgency and importance of successfully carrying out the commitments made in that report. I assure you, consequently, that I shall push vigorously to meet these Presidential goals in the counterintelligence and security countermeasures areas. This first report summarizes responsive activities, detailed in the attached annexes. I intend to review the second report in October and forward it to you in November. I also anticipate being able to report even more progress at that time. [REDACTED]

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2. Concurrent with the release of the President's report, the Senate Select Committee on Intelligence (SSCI) prepared a report entitled Meeting The Espionage Challenge: A Review of United States Counterintelligence and Security Programs. The many similarities in the two reports dictated that the SIG-I meld them to the extent possible in tasking the executive agencies to respond to them. As a result of this combination, over 200 separate items were identified and assigned through the SIG-I system for action by the appropriate agency, working group, or other extant element. The items are varied; a few can be satisfied by a single action, but many require

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SUBJECT: First Biannual Report for the President on the President's
Report to the Congress on the Nation's Counterintelligence
and Security Countermeasures Plans, Programs, and Capabilities (U)

continuous actions by many people in multiple locations. Listing completed or in-process tasks, consequently, requires subjective evaluation. In fact, many tasks will be perpetually "in process" and never "completed." Further, the aforementioned reports reinforced tasking developed in previous security studies, particularly the Department of Defense Security Review Commission report of 19 November 1985 entitled Keeping the Nation's Secrets: A Report to the Secretary of Defense by the Commission to Review DoD Security Policies and Practices (the "Stilwell Commission Report"), as well as initiatives developed by the Information Security Oversight Office that are currently pending approval by the National Security Council. Since they are all inextricably intertwined, reference to the various reports will necessarily appear in the detailed responses. [REDACTED]

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3. As can be seen from the selected highlights, progress has been made in several key areas during this initial reporting period. Additional progress will be achievable in the next reporting period because many activities are already in train. Nevertheless, there is still much to do. As further "shaking out" of the issues and problems occurs over this next period, a better understanding of the problems faced in initiating action or completing the remaining items should be discernable. [REDACTED]

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4. Your attention is directed to the IG/CM(T) report (Attachment C to this report), pages 6 and 7, where a recommendation is raised regarding the need for a formal commitment to a government-wide core STU-III secure telephone capability and the funds to finance it. [REDACTED]

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5. The highlights submitted below have been organized according to the interagency group to which they pertain:

a. Counterintelligence - IG/CI (details in Attachment A):

Items Completed:

- o The National Strategy for Counterintelligence, approved and in process of being implemented.
- o [REDACTED]
- o Limitations of freedom of movement/action for Soviet officials and their affiliates assigned to the United Nations. [REDACTED]

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Items Under Way:

- o [REDACTED]

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SUBJECT: First Biannual Report for the President on the President's
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- o Improvement of the ongoing counterintelligence threat analysis series of studies being produced.
 - o Analysis of the [] case and improved methods for notification and coordination of activities in future possible espionage cases.
 - o Analysis of Soviet active measures and programs to alert the public to the hostile intelligence threat.
 - o Improvements to methods and systems for analysis of intelligence information by the CIA, FBI, and NSA. []
- b. Countermeasures - IG/CM (Policy) (details in Attachment B):

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Items Completed:

- o Development of an OPSEC NSDD to provide policy and guidance for agencies involved in classified or sensitive activities. []

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Items Under Way:

- o Implementation of NSDD-197, formal security awareness programs for all Federal employees.
- o Improve security awareness in the contractual sector.
- o Implementation of recommendations in the Department of Defense Security Review Commission report.
- o Revision of the security administration series (GS-080) and improved training in this area.
- o Preparation of an Executive order for improvement of personnel security practices, procedures, and controls.
- o Intensification of personnel security research programs.
- o Ensuring participation of intelligence agencies in planning and oversight of new embassy construction activities.
- o Development of a national counterimagery program applicable to departments or agencies with sensitive national security facilities or activities that are vulnerable to foreign imagery collection. (S/NF)

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c. Countermeasures - IG/CM (Technical) (details in Attachment C):

Items Completed:

- o Centralized training for technical security countermeasures

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Items Under Way:

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d. Legislative Proposals (details in Attachment D):

Items Completed:

- o Authority for FBI to access financial records of foreign powers for counterintelligence investigations.
- o Authority for FBI to access telephone and toll records.
- o Authority for FBI to access state and local criminal history records for conduct of personnel background investigations.
- o Registration of Bloc commercial entities.

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- o Broadening of the Foreign Missions Act to cover foreign government-controlled entities.
- o Pension forfeiture for Identities Act violation.

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Items Under Way:

- o Special CIA-NSA-DIA personnel authorities for drug and alcohol abuse.
- o Tort reform.
- o Death penalty for espionage.

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/s/ William H. Webster

William H. Webster
Chairman

Attachments:

- Attachment A: IG/CI Report
- Attachment B: IG/CM(P) Report
- Attachment C: IG/CM(T) Report
- Attachment D: Legislative Proposals

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SUBJECT: First Biannual Report for the President on the President's
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CCISCMO/ICS [redacted] (19 May 1987)

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SENIOR INTERAGENCY GROUP (INTELLIGENCE)

WASHINGTON, D.C. 20505

29 MAR 1988

MEMORANDUM FOR: Lieutenant General Colin L. Powell, USA
Assistant to the President for National Security Affairs

SUBJECT: Second Biannual Report for the President on the
President's Report to the Congress on the Nation's
Counterintelligence and Security Countermeasures Plans,
Programs, and Capabilities

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REFERENCE: First Biannual Report for the President to the Assistant
to the President for National Security Affairs,
20 June 1987

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1. This memorandum responds to the President's 4 November 1986 charge to report biannually over the next two years on progress made and problems encountered in implementing the commitments made by the President to the Congress in his Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities. This memorandum is the second of four memoranda that will provide you with status reports on implementation of the President's directives. My earlier report to your predecessor on these issues, referenced above, contained initial Intelligence Community efforts in satisfying the President's directives. This report summarizes progress made to date, details of which may be found in the attached annexes.

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2. As reported in referenced communication, concurrent with the release of the President's report, the Senate Select Committee on Intelligence (SSCI) prepared a report entitled Meeting the Espionage Challenge: A Review of United States Counterintelligence and Security Programs. The similarities in the two reports encouraged the SIG-I to meld them to the extent possible in tasking the executive agencies to respond to them. This process was followed in the first biannual report and has also been followed in this second report. Approximately 200 separate items are under consideration by the appropriate agency, working group, or other existing element of the SIG-I

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SUBJECT: Second Biannual Report for the President on the President's Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities

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system. The items vary considerably in the amount of effort necessary to accomplish them. Some items have been completed as noted in the annexes. Others are, by their nature, perpetually "in process" and will never be "completed."

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3. This document and its attachments are not intended as an overall statement of current issues and opportunities facing the counterintelligence (CI) and countermeasures (CM) communities. It is an accounting document reciting Community efforts to date in responding to specific Presidential and Senate recommendations. Commentary on the overall health of the CI and CM community will be found in the soon-to-be-published 1987 National Assessment of the Hostile Intelligence Threat and US Countermeasures. It will be disseminated to the Intelligence Community in the next few weeks.

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4. The selected highlights and summary comments delineated below provide details regarding overall progress, as well as progress made in several specific areas. The remaining two biannual reports will progressively show additional items completed as we move toward full implementation of the President's directives.

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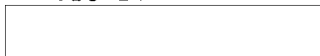
5. The highlights and summary comments have been organized according to the interagency group or category to which they pertain. Portions have been repeated from the first biannual report to provide an integrated review of overall progress made to date.

a. Counterintelligence - IG/CI (details in Attachment A):

Significant progress has been made in implementing the approximately 90-odd IG/CI tasks assigned to the IG/CI.

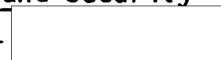
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SUBJECT: Second Biannual Report for the President on the President's Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities



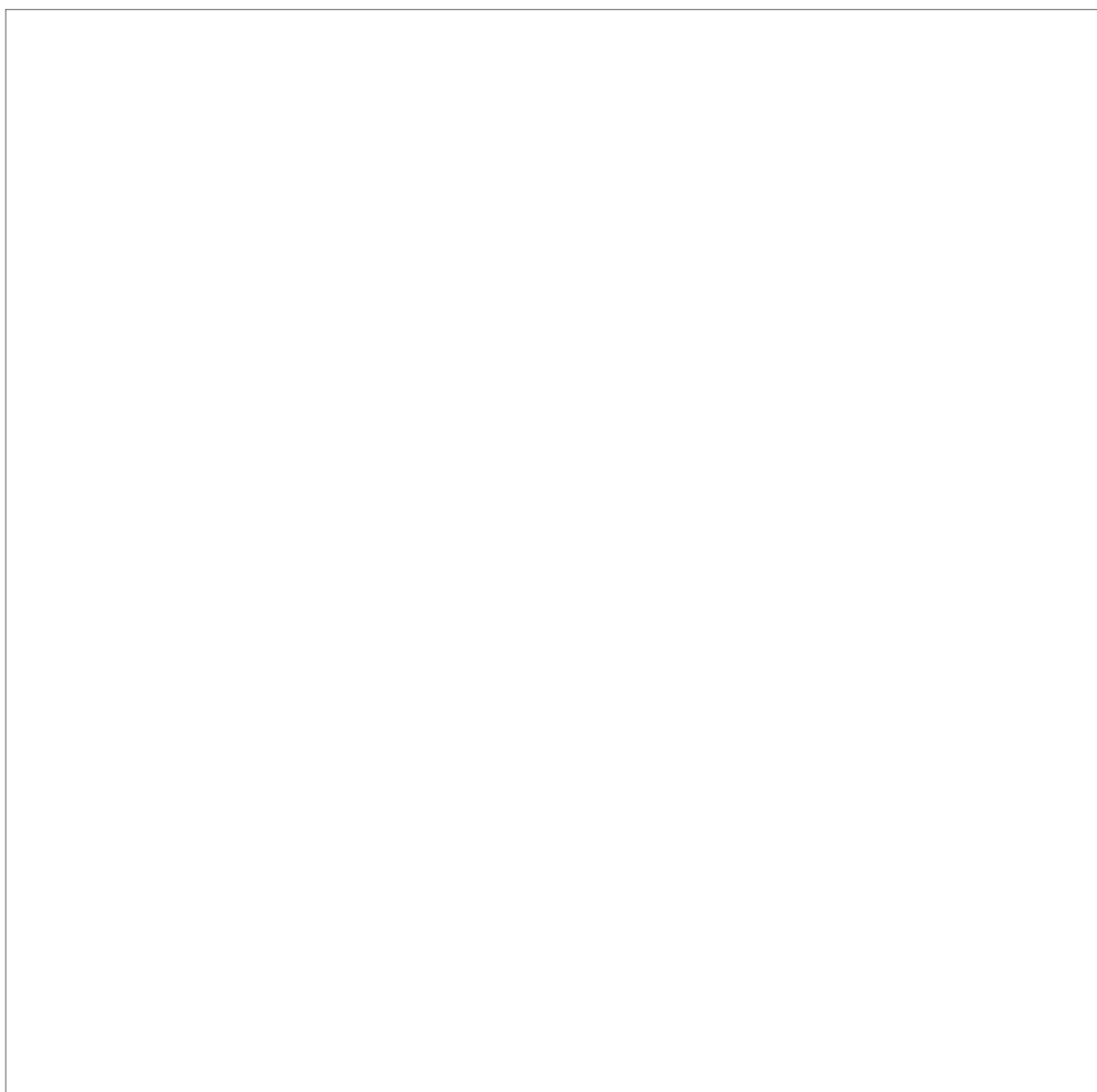
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Overall review of IG/CI efforts reveals approximately one-third of its taskings have been completed at this midway point in the implementation cycle. Substantial efforts, however, have also been undertaken with respect to many of the remaining taskings. IG/CI projections anticipate resolution of all taskings within the allotted implementation cycle.

Items Completed:



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SUBJECT: Second Biannual Report for the President on the President's Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities

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- o The FBI's previous lack of authority to access various commercial and criminal records in counterintelligence investigations has also been remedied by provisions contained in the Intelligence Authorization Act for FY 1987. The FBI now has statutory authority for access to financial records of foreign powers in counterintelligence investigations. State and local criminal history information for conducting personnel background investigations are now also available to the FBI.

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Items Under Way:

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the Congress on the Nation's Counterintelligence and Security
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b. Countermeasures - IG/CM (Policy) (details in Attachment B):

As you can see from this report, all initiatives assigned to the IG/CM(P) are now under the cognizance of the appropriate committees, and much has been accomplished, especially in the areas of information security, personnel security, physical security, and operations security. The IG/CM(P) has, to date, completed approximately 20 percent of its assigned tasks and has the remaining 80 percent well under way. It is envisioned that by the time of the next report, a significant amount of the initiatives assigned to the IG/CM(P) will be near completion. The following selected highlights represent a sampling of the progress made during this reporting period.

Items Completed:

- o Inspectors General from both Intelligence Community and non-Intelligence Community departments and agencies have been requested to review the adequacy of their security training programs.

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SUBJECT: Second Biannual Report for the President on the President's Report to
the Congress on the Nation's Counterintelligence and Security
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- o A National Security Decision Directive (NSDD) on Operations Security, which will provide policy guidance for agencies involved in classified or sensitive activities, has been staffed at the National Security Council and is awaiting the President's signature.
- o A review toward streamlining the classification levels from three to two has been conducted. Elimination of Confidential will not substantially reduce the amount or kind of information that is classified. The need to protect information from uncontrolled dissemination will remain the same. Elimination of the Confidential security classification level could cause damage to the national security. Consensus is that three levels of classification (Top Secret, Secret, and Confidential) are required to protect national security.
- o The Office of Personnel Management has disseminated a revised draft of the government's Security Administration Series (GS-080) regarding improve career development.
- o The Department of Defense (DoD) has established minimum training courses to establish government-wide security training objectives for the training and certification of industrial security officers, clearance adjudicators, and other security positions requiring consistent security standards.

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Items Under Way:

- o Implementation of NSDD 197, formal security awareness programs for all Federal employees.
- o Implementation of recommendations in the DoD Security Review Commission report.
- o Preparation of an executive order for improvement of personnel security practices, procedures, and controls.
- o Intensification of personnel security research programs.
- o Ensuring participation of intelligence agencies in planning and oversight of new US embassy construction activities.

SUBJECT: Second Biannual Report for the President on the President's Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities

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c. Countermeasures - IG/CM (Technical) (details in Attachment C):

Tasks assigned to the IG/CM(T), broken down into 17 topical areas, were delegated to its Technical Countermeasures and Technical Surveillance Countermeasures Committees, where there has been meaningful progress across the board since the last report.

While the nature of some tasks directed them to one or the other specific agency, the topical breakdown enabled the respective committees to effectively avoid overlaps and to coordinate and formulate coherent responses through the IG structure. Among the topics outlined in Attachment C, the centralized training for technical security countermeasures has been completed, through the mechanism of the Interagency Training Center, since the last report. The remaining tasks are all under way, and significant progress

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Items Completed:

- o Centralized training for technical security countermeasures (TSCM).

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Items Under Way:

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d. Legislative Proposals (details in Attachment D):

The President's report included recommendations for improvements that require legislation to effectuate. The report stated that the nation's counterintelligence and security posture would be materially enhanced by enactment of the entire set of proposals. Sixteen proposals for legislative actions were included in the report. Five of the proposals have been enacted and others remain in various stages of consideration.

In the area of tort reform, the Department of Justice has, without success, made repeated efforts on behalf of both the Carter and Reagan administrations to achieve legislative reform. Rather than press for legislation, the Department has advised Federal agencies that they have authority to indemnify their employees against such suits. As a result, the administration has determined not to press vigorously for legislation at this time.

SUBJECT: Second Biannual Report for the President on the President's Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities

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Various Intelligence Community and executive branch components are currently reviewing legislative proposals not yet enacted to determine the best course of action. A list of completed and pending items follow.

Items Completed:

- o FBI granted authority to:
 - access financial records and telephone toll records of foreign powers for purposes of counterintelligence investigations, and
 - access state and local criminal history record information for purposes of conducting personnel background investigations.
- o Registration of Bloc commercial entities.
- o Broadening of the Foreign Missions Act to cover foreign government-controlled entities.
- o Pension forfeiture for violation of the Identities Act.

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Items Under Way:

- o Expanded authority for DoD polygraph testing.
- o Special CIA-NSA-DIA personnel authorities for drug and alcohol abuse.

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- o Non-appealability of security determinations.

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SUBJECT: Second Biannual Report for the President on the President's Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities

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- o Enhancing the value of security questionnaires.
- o Reconsideration by Justice Department of legislation making certain actions by "illegals" and support agents unlawful.
- o Death penalty for espionage.

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6. Subsequent to publication of the President's report and the SSCI report in late 1986, significant compromises at certain overseas US diplomatic missions were exposed. Security deficiencies revealed by such compromises were in the broadest sense identified as issues in both reports. These revelations and others required substantial additional effort during the last year by executive branch and Intelligence Community components to improve CI and CM practices. Although not directly predicated on the recommendations contained in the reports, these initiatives have become part of overall effort to enhance CI and CM programs and are briefly mentioned here to provide a fuller statement of current efforts to address the thrust of the subject reports.

7. During 1987 the President's Foreign Intelligence Advisory Board (PFIAB) produced a comprehensive report in response to NSDD 268, PFIAB Worldwide Evaluation of the Procedures and Practices by which our Foreign Missions Protect Classified Information and Facilities. This report developed specific recommendations to improve processes and policies to protect classified information and facilities in US missions abroad.

8. Also during 1987 the Secretary of State established a review panel to investigate breaches of security in the operations of US missions in the Soviet Union. Recommendations to improve the security of US Government activities in the Soviet Union were developed for consideration by the Secretary of State.

9. Former CIA Director and former Secretary of Defense James R. Schlesinger also provided a report with recommendations to the Secretary of State in 1987 that addressed security concerns regarding construction of our Moscow Chancery. Subsequently, I asked CIA, NSA, DIA, and the FBI to evaluate the findings and recommendations set forth in the above reports and provide me with their expert views and recommended course of action. This evaluation led to a subsequent meeting with the Secretary of State that resulted in forwarding our joint recommendations to the President. The President has instructed us to develop the necessary plans and legislative initiatives, if any, to implement our recommendations.

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10. Current Community security initiatives to implement approved
recommendations include joint efforts with the Secretary of State to establish
a Foreign Mission Security Office to perform audit and inspection functions at
US diplomatic facilities overseas.

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/s/ William H. Webster

William H. Webster
Chairman

Attachments:

- A. IG/CI Report
- B. IG/CM(P) Report
- C. IG/CM(T) Report
- D. Legislative Proposals

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SUBJECT: Second Biannual Report for the President on the President's Report to
the Congress on the Nation's Counterintelligence and Security
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CCISCMO/ICS (12 January 1988)

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SENIOR INTERAGENCY GROUP (INTELLIGENCE)
WASHINGTON, D.C. 20505

ICS 0858-88
20 June 1988

MEMORANDUM FOR: Lieutenant General Colin L. Powell, USA
Assistant to the President for
National Security Affairs

SUBJECT: Third Biannual Report for the President on the President's
Report to the Congress on the Nation's Counterintelligence
and Security Countermeasures Plans, Programs, and
Capabilities

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REFERENCE: Second Biannual Report for the President to the
Assistant to the President for National Security Affairs,
29 March 1988

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1. This memorandum responds to the President's 4 November 1986 charge to report biannually over the ensuing two years on progress made and problems encountered in implementing the commitments made by the President to the Congress in his Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities. This is the third of four memoranda that have provided you with status reports on implementation of the President's directive. My last report to you, referenced above, provided the status of the Intelligence Community efforts in satisfying the the President's directive. This report summarizes progress made to date, details of which may be found in the attached annexes.

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2. As reported in the referenced communication, concurrent with the release of the President's report, the Senate Select Committee on Intelligence (SSCI) prepared a report entitled Meeting the Espionage Challenge: A Review of United States Counterintelligence and Security Programs. The similarities in the two reports encouraged the Senior Interagency Group-Intelligence (SIG-I) to meld them to the extent possible in tasking the executive agencies to respond to them. The process was followed in the first and second biannual reports, and has also been followed in this third report. Approximately 200 separate items have been under consideration by the appropriate agency, working group, or other existing element of the SIG-I system. The items vary considerably in the amount of effort necessary to accomplish them. Some items have been completed as noted in the annexes. Others are, by their nature, perpetually "in process" and will never be "completed."

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3. This document and its attachments are not intended as an overall statement of current issues and opportunities facing the counterintelligence (CI) and countermeasures (CM) communities. It is an accounting document reciting Community efforts to date in responding to specific Presidential and Senate recommendations. Commentary on the overall health of the CI and CM communities can be found in the 1987 National Assessment of the Hostile Intelligence Threat and US Countermeasures dated December 1987.

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4. The selected highlights and summary comments delineated below provide details regarding overall progress, as well as progress made in several specific areas. The final biannual report will provide a wrap-up of the two-year implementation period and should serve as a useful document for the transition of administration in 1989.

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5. The highlights and summary comments have been organized according to the interagency group or category to which they pertain. Portions have been repeated from the first and second biannual reports to provide an integrated review of overall progress made to date. At this writing an estimated 70 percent of the tasking has been accomplished or programmed as ongoing activities within the Community.

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a. Counterintelligence - IG/CI (details in Attachment A):

Significant progress continues to be made in implementing the approximately 90-odd tasks assigned to the IG/CI.

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In many instances, satisfaction of the tasking tends to be a process involving multiple efforts on different fronts rather than a single, well-defined effort. Where the taskings called for a specific action rather than a process of improvement or enhancement, the action has, in most instances, been completed; e.g., the national CI strategy has been formulated, approved, and disseminated; the CI activity within CIA has been reorganized; an Office of Active Measures has been established in State;

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Overall review of IG/CI efforts reveals approximately 90 percent of the taskings have been completed at this point--some two-thirds of the way through the implementation cycle. Some of these taskings are of the perpetual "in train" nature and, in fact, 100 percent of the taskings have been undertaken.

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Items Completed:

- o The National Strategy for Counterintelligence has been completed and disseminated to appropriate components of the Intelligence Community, the National Security Council (NSC), and the House and Senate Intelligence Committees.

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- o The Community Counterintelligence and Security Countermeasures Office (CCISCMO) has been augmented to enhance CI and CM support to the Intelligence Community.

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- o Security awareness programs, which are more a part of the Interagency Group/Countermeasures (Policy) (IG/CM[P]), are being reported on by that entity. Suffice to say that the IG/CI contributes and participates as required in this effort.

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on and informing the public of active measures in the
United States. [REDACTED]

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- o Members of the Community have increased their internal CI training programs and have expanded and improved the interagency exchange regarding CI training. A meeting of training personnel from CIA, Defense Intelligence Agency (DIA), FBI, NSA, and the Department of State was held in December 1987 to discuss formulation of additional CI courses. These proposed courses are now being evaluated.

[REDACTED]

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- o Public awareness of the hostile threat continues to be promulgated by the FBI through the established Development of Counterintelligence Awareness program. This program has accomplished some 32,000 briefings since its inception.

[REDACTED]

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- o The human intelligence threat is the ongoing subject of several long-range studies as well as the focus of the analytical efforts in the Community. Communication and exchange within the Intelligence Community have increased regarding this topic. Several studies have also been completed on many of the celebrated cases of 1985, the "year of the spy" as it has become known. Aside from determining what happened, emphasis is being placed on "lessons learned" from these incidents.

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- o Coordination with friendly governments to thwart the HOIS efforts worldwide continues to be an ongoing program of both FBI and CIA domestically and overseas as applicable. Efforts not only concern active measures incidents but also

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other HOIS activities that threaten the security of these friendly foreign governments. [REDACTED]

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Items Under Way:

- o Personnel issues remain an ongoing developmental area for CI application. Establishing career field specialities, training, recruitment, and modification of personnel policies to provide for CI specialization are all being actively pursued by the Community. [REDACTED]
- o Security on Capitol Hill has received support from the Community through positive response to a request for assistance from the House Permanent Select Committee on Intelligence. Monitoring of criteria country activities directed at Capitol Hill remains a priority program with the FBI. [REDACTED]

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b. Countermeasures - IG/CM (Policy) (details in Attachment B):

All initiatives assigned to the IG/CM(P) have been placed under the cognizance of the appropriate committees and, as can be seen from the attached detailed report, much has been accomplished. An estimated 40 percent of the taskings have been completed or dropped based on their viability and potential applicability in the areas of information security, personnel security, physical security, and operations security (OPSEC). The majority of the remaining 60 percent of the taskings are under way and in various stages of accomplishment. The major issues in the province of the IG/CM(P) that have created problems regarding resolution of some taskings are in the personnel security area and concern constitutionality and pending litigation. Reference to some of the issues is made in Attachment D which deals with the legislative portion of this report. These issues are complex, not easily resolved, and a part of the permanent landscape of personnel security in today's society. The Department of Justice has completed a draft of a proposed executive order for the improvement of personnel security practices, procedures, and controls that is presently undergoing review at the NSC. Issuance of this executive order will have far-reaching impact. [REDACTED]

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Items Completed:

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o A review toward streamlining the classification levels from three to two has been conducted with the conclusion reached that elimination of the CONFIDENTIAL level will neither substantially reduce the amount or kind of information that is classified. The need to protect information from uncontrolled dissemination will remain the same. Consensus is that three levels of classification (TOP SECRET, SECRET, and CONFIDENTIAL) are required to protect national security. [REDACTED]

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o The Office of Personnel Management has disseminated a revised draft of the government's Security Administration Series (GS-080) regarding improved career development. [REDACTED]

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o DoD has initiated minimum training courses to establish government-wide security objectives for the training and certification of industrial security officers, clearance adjudicators, and other security positions requiring consistent security standards. [REDACTED]

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o Twelve of the 15 proposals regarding information security that were made in the DoD Security Review Commission report have been accepted for government-wide application by the Information Security Committee (ISC). [REDACTED]

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o Per the attached report provided by the ISC as its portion of the IG/CM(P) report, 30 out of 36 assigned action issues have been resolved, the resolution of three is imminent,

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[REDACTED]

and the resolution of three others will be a long-term process. Some of the resolved issues concern implementation of various recommendations from the Stilwell Commission report on control of classified information and National Disclosure Policy; reduction of clearances held by industry; requirement for trained and certified security officers in each classified contract; and several Information Security Oversight Office (ISOO) initiatives such as establishing minimum information security standards, sampling correctness of classification, scrutinizing declassification instructions during inspection oversight, etc. One long-term action issue concerns the proposed amendment of ISOO Directive No. 1 to provide for a minimum degree of accountability for SECRET information in the Executive Branch. [REDACTED]

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Items Under Way:

- o Implementation of NSDD 197, formal security awareness programs for all Federal employees. [REDACTED]
- o Approval of an executive order for improvement of personnel security practices, procedures, and controls. [REDACTED]
- o Active, intensified programs of personnel security research are under way at several Intelligence Community agencies. [REDACTED]
- o Strengthening of security awareness in the contractual sector through publication and circulation of bulletins on this subject, seminars, etc. [REDACTED]
- o Ensuring that agencies use every appropriate remedy against employees who violate the law and security regulations. [REDACTED]
- o Improvements to the process used by adjudicators for granting or denying security clearances. [REDACTED]
- o Acceleration of development of education and training program for DoD civilian and military employees and

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[redacted]

contractors, and ensuring course materials are available to all interested agencies. [redacted]

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- o Development and implementation of a "continual personnel security evaluation" program, including financial vulnerability and a program for prior reporting of personal foreign travel by all employees holding security clearances. [redacted]

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- o Continuing to investigate and evaluate the possibility of a "single scope" background investigation for all TOP SECRET and SCI clearances, as well as reinvestigation priorities for persons who have been adjudicated favorably but nevertheless have a history of questionable behavior in certain significant areas. [redacted]

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- o Evaluating the "in-house versus contractor" methods of conducting background investigations. Monitoring the impact of reduced funding on the capability to maintain a viable investigative support mechanism, especially in DoD. [redacted]

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- o Monitoring the availability of funding for overseas security that may encounter shortfalls with budget constraints. [redacted]

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c. Countermeasures - IG/CM (Technical) (details in Attachment C):

Tasks assigned to the IG/CM(T) were designated into 17 topical areas for delegation to the Technical Countermeasures Committee and the Technical Surveillance Countermeasures Committee. As can be seen from the attachment, considerable progress has been made toward completion and implementation of the taskings and their natural follow-on activities. [redacted]

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While some of the tasks were directed to a single agency for action, the monitoring and reporting remained with the aforementioned committees under the IG/CM(T). Use of a topical breakdown in assigning responsibility for the tasks to the committees helped to avoid duplication of effort on their part. The nature of the technical issues and persistent need for research and development in this area provide the setting for perpetual evolution. Nonetheless, many of the assigned tasks can be considered as having been completed by virtue of the fact that

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[redacted]

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programs are in place to achieve the desired end.

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Items Completed:

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- o A revitalized technical research and development program in the security and technical security countermeasures areas is being coordinated within the Intelligence Community. The extensive coordination bodes well for future developments. (S/NF)
- o Some facility expansion has been completed at the Interagency Training Center (ITC) with the balance programmed for completion soon. A chronic shortage of experienced representative faculty for the facility remains. The ITC remains on the leading edge of the US Government's efforts in security countermeasures training.

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Items Under Way:



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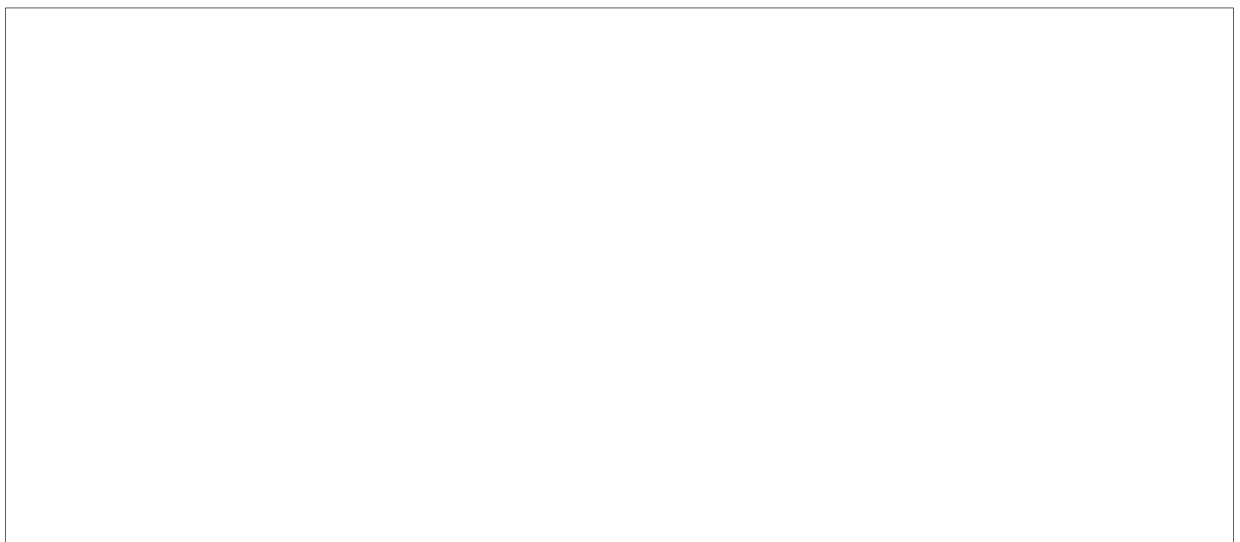
d. Legislative Proposals (details in Attachment D):

Legislation was recommended by the President's report to enable the US Government to effectuate some measures in support of counterintelligence and security countermeasures. Of the 16 recommendations for legislation, six have been enacted. The remaining 10 items have been difficult to enact for a variety of reasons, i.e., stiff opposition from various sectors of the US Government, overtaken by events, pending litigation, etc. Despite the downside, there remain four proposals that could be enacted into legislation in some form during this year or perhaps by the next Congress.



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Items Completed:



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[REDACTED]

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- o Broadening of the Foreign Missions Act to cover foreign government-controlled entities. [REDACTED]
- o Pension forfeiture for violation of the Identities Act. [REDACTED]
- o Special CIA-NSA-DIA personnel authorities for drug and alcohol abuse has been overtaken by events and dropped from active pursuit at this time pending litigation of the Doe vs. Webster case. [REDACTED]

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[REDACTED]

- o The death penalty for espionage has DoJ support but not as a separate bill; rather, DoJ believes it should be part of a comprehensive proposal to establish the death penalty for a variety of crimes. Unless DoJ changes its view on a comprehensive proposal, the administration is not likely to allow selective death penalty provisions to go forward. [REDACTED]
- o Enhancing the value of security questionnaires was proposed by the Office of Personnel Management and would create a new civil remedy for lying on a security questionnaire. In view of the existing criminal penalties for such action, it was deemed that sufficient remedy existed, but the door was left open for formal submission of the proposal should OPM so decide. [REDACTED]
- o The need for legislation to provide for "nonappealability" of security determinations has been mooted out to a certain extent by the Supreme Court in the case of the Department of Navy vs. Egan. In light of this decision and the pendency of the Doe case, the matter has been dropped from consideration for a request for legislative action. [REDACTED]

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Items Under Way:

[REDACTED]

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- o Tort reform has again been addressed in a new bill by the DoJ entitled "Federal Employees Liability Reform and Tort Compensation Bill". Expedited clearance by OMB has been requested so that it can then proceed to the Congress.

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6. The SIG-I and IG Chairmen and membership are pleased to note that significant progress has been made by the Intelligence Community in accomplishing many of the tasks assigned in the President's report and the parallel SSCI report. Through the enthusiastic support by the member agencies to identify the objective and work to achieve it, there is a definite belief within the Intelligence Community that significant improvement has been made in the US Government counterintelligence and security countermeasures programs and activities. (U)



William H. Webster
Chairman

Attachments:

- Attachment A: IG/CI initiatives
- Attachment B: IG/CM(P) initiatives
- Attachment C: IG/CM(T) initiatives
- Attachment D: Legislative initiatives

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CCISCMO/ICS [redacted] (9 June 1988)

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Distribution of ICS 0858-88:

Original - Asst to the President for National Security Affairs (w/atts)

- 1 - DCI (wo/atts)
- 1 - ER (via DDCI) (wo/atts)
- 1 - D/ICS (via DD/ICS, DDR&E/ICS, and EO/ICS)
- 1 - SIG-I Secretariat [redacted] (wo/atts)
- 1 - ICS Registry (wo/atts)
- 1 - IG/CI subject (w/atts)
- 1 - IG/CM(P) subject (w/atts)
- 1 - IG/CM(T) subject (w/atts)
- 1 - CCISCMO chrono (wo/atts)

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The Director of Central Intelligence

Washington, D.C. 20505

21 June 1988

NOTE!

Similar memo

was sent to

IG/CA(P)

IG CM(T)

MEMORANDUM FOR: The Honorable William S. Sessions
Chairman
Interagency Group/Counterintelligence

FROM: Acting Director of Central Intelligence

SUBJECT: Improving Our Counterintelligence and
Countermeasures Posture [redacted]

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1. The Chairman of the SIG(I), Director Webster, has approved and signed to the National Security Advisor the third biannual report for the President on the President's Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities. He was pleased with the report, especially the continuing progress it reflects toward implementation of measures to improve our counterintelligence and countermeasures posture. [redacted]

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2. While the report is an accurate one, Judge Webster and I believe that its very positive tone may obscure some real problems in addressing the unfinished agenda for strengthening CI and CM. In fact, there is very little indication in the submitted reports of problems and obstacles to further progress. [redacted]

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3. Accordingly, the Chairman of the SIG(I) would value a personal report from you on outstanding problems in the area of responsibility of your interagency group. For example, in what areas specifically have parochial or turf problems inhibited faster or better progress? In what areas is there a genuine resources problem? Are there elements of the bureaucracy simply going through the motions? If, as [redacted] memo indicates, an estimated 70% of the assigned tasks have been completed or programmed, to what degree are the really tough problems in the other 30%? [redacted]

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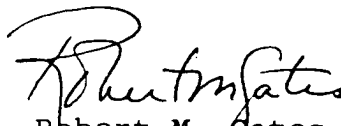
4. In short, the DCI would appreciate having from you, a personal, uncoordinated memorandum outlining problem areas within the purview of your interagency group. While there is no question that significant progress has been made over the

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past year or so, we are concerned that important problems are either being set aside or haggled to death in the bureaucracy. If there were no such problems, this undertaking would be unique in the history of government. To be able to address these problems in a sensible and effective way we need more specific information and solicit your help in that regard. We hope you will be candid; your replies will be held tightly. We would appreciate your report by 15 July 1988.

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Robert M. Gates

cc: Director, Community Counterintelligence and
Security Countermeasures Office,
Intelligence Community Staff